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ARTICLE IX

PROCUREMENT

9.1 PROCUREMENT PLANNING

Nothing in this Supplement obligates IT to procure items developed under this cooperative program. Since FR, GE, UK, and US have completed a joint Procurement Plan, IT will make its inputs thereto within 30 days of the effective date of this Supplement. FR, GE, UK, and US have an objective of concluding a Procurement Supplement at the earliest practicable date; therefore it is understood that IT will not delay the conclusion of the Procurement Supplement. In the event that IT is unable to sign the Procurement Supplement at the time of the other Participants, a separate Procurement Supplement or an Amendment for IT will be negotiated among the Participants.

9.2 PURPOSE OF SUPPLEMENT

The Procurement Supplement(s) will establish work shares and delineate the terms and conditions for production of system hardware developed under the Basic MOU and this Supplement.

9.2.1 For defense purposes.

9.2.2 For sales to Non-Participants.

9.3 PRINCIPLES

The following principles will be incorporated in the Supplement:

9.3.1 The primary objective of the cooperative program is to produce systems and support for defense purposes of the Participants to meet their stated initial operational capability dates. The priority for production will be: (a) for the armed forces of the US, FR, GE, and UK; (b) for the armed forces of IT; (c) for the armed forces of other NATO nations; and (d) for others. It will only be invoked if production demands exceed production capability.

9.3.2 There will be no conditions imposed in the Procurement Supplement(s) which will affect the rights of any Participant to undertake unilaterally the procurement of systems, components, or support services from its own national resources for national defense purposes. It will be the objective of the European Participants to establish an integrated European production facility and to establish work shares in an equitable and efficient proportion, taking into consideration each stated national requirement.

9.3.3 Subject to the reservation of reasonable production quantities to its national contractors for economic and defense production base purposes, each Participant will, to the extent feasible, after first full production buy has been completed and whenever a second production source has been established, produce or procure for its defense purposes from the then qualified production

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contractors of all the Participants. It will be the objective of the Participants to divide production, insofar as feasible and economical, between US and European contractors or agencies over the life of the system on the basis of national offtake for national defense purposes.

9.3.4 The arrangements and conditions for procurement for sales or grant-in-aid to Non-Participants will be jointly determined. It will be the objective of the Participants to jointly agree on all sales, to jointly determine production responsibilities for each sales case, and to jointly establish the development cost recoupments to be added to the cost of all items or services sold. The division of production responsibilities for sales will be made in accordance with the principles in paragraph 9.3.3. The division of development cost recoupments will be in accordance with the provisions in paragraph 8.3.8. However, in the event of a disagreement on whether a particular sale should be made, this provision does not preclude an individual Participant from selling wholly nationally developed and produced components to a Non-Participant without the approval of the remaining Participants.

9.3.5 Sales to non-NATO parties will be made only after: (a) completion of defense requirements for Participants, and (b) completion of all other NATO defense requirements, unless jointly determined otherwise.

9.3.6 Protection of industrial property rights and information will continue as set forth in Articles VII and X of this Supplement.

9.3.7 Configuration management procedures will be established to assure that all proposed changes to MLRS Technical Data Packages (TDP) or support systems are brought promptly to the attention of each Procurement Participant. Such changes will be promptly considered for incorporation in the MLRS TDP, or collectively endorsed as having no affect on the standardization, interoperability, and logistical interchangeability of any system developed by NATO armed forces. The aim of these procedures will be to strongly discourage variant designs.

9.3.8 The Procurement Participants will make reciprocally available to the others such inspection and administrative support services at the respective sites of production as may be requested.

9.3.9 No condition will be established that would delay the establishment of the US production program to meet the US initial operational capability objective after which the priorities of the other Participants' initial operational capability objectives will be met. For purposes of this paragraph, Initial Operational Capability is defined as one battalion equipped, trained, and deployed.

9.3.10 The logistics support principles developed in the basic MOU and this Supplement will be continued in the procurement program.

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ARTICLE X

SECURITY AND PROTECTION OF SENSITIVE INFORMATION

10.1 CLASSIFIED DATA

All classified material and information exchanged, held, or used in connection with this program will be stored, handled, transmitted, and safeguarded in a manner no less stringent than that provided for NATO classified material as set forth in the NATO Document C-M(55)15(Final), dated 1 July 1973, including all supplements and amendments thereto. The following additional security requirements will apply:

10.1.1 MLRS Security Guide

The Program Management Office will draw up the necessary implementing regulations for security in the form of a MLRS Security Classification Guide. There will be no automatic release of information to non-participating nations or to the NATO International Staff. Release of such information will require approval of the Program Coordinator.

10.1.2 Determination of Security Classification

The Participant in whose territory work is carried out will determine the security classification to be applied to material and information originating within that country. If any such item contains or discloses identifiable classified information contributed by any of the Participants, the security classification of that item will not be lower than the security classifications assigned to such identifiable information by the originating Participant.

10.1.3 Maintenance of Security Classification

Each Participant will undertake to maintain the security classifications assigned to information or material by the releasing Participant and will afford to such information or material the same degree of security protection provided by the releasing Participant.

10.1.4 Responsibilities for Safeguarding Information

At any facility wherein classified information furnished by another Participant is to be used, the receiving Participant will assign a person of sufficient rank to exercise effectively the responsibilities for safeguarding, at such facility, the information pertaining to this project. After consultation with the appropriate security agencies, this officer or official will be responsible for limiting access to classified material involved in the project to those persons who have been properly cleared and are under a need-to-know obligation. No Participant will provide, without the prior consent of the originating Participant, information furnished by the originating Participant to any facility whose financial, administrative policy or management control is directed by persons or entities who are nationals of any non-participating nation.

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10.1.5 Facility Security

Each Participant will assure the others that adequate provisions for security exists in the facilities to be utilized and assume responsibility for safeguarding all classified information that may be transmitted hereunder.

10.1.6 Review of MLRS Security Guide

IT will review and provide any additions to the MLRS Security Classification Guide within three months of signing this Supplement to insure that such Guide properly protects their national information. The Guide will be reviewed annually by each Participant's representative. Classification of material will be changed by normal staffing procedures within the Program Management Office upon notification of the Participant's request.

10.1.7 Limitation of Information Exchange

Information or material classified up to and including SECRET may be exchanged between the Participants under the terms of this Supplement.

10.2 COMPETITIVE SENSITIVE (COMMERCIAL CONFIDENTIAL) INFORMATION

It is agreed by the Participants that the release of financial and technical data regarding competitive activities will be controlled by each Participant to insure that competitive sensitive information is properly safeguarded and to prevent technical transfusion or the release of information through industrial or other channels that could give one contractor an unfair competitive advantage over another. Furthermore, Participants will ensure that no aspect of competition will be disclosed to personnel not having a need-to-know. Each individual with a need-to-know will be personally informed of the requirement for safeguarding competitive sensitive information. If there is any doubt whether specific information is in the competitive sensitive category, advice will be sought from the National Program Manager involved before disclosing the information. Violations of the non-disclosure requirement will be treated in accordance with reference subparagraph 2.1.17.

10.3 OTHER INFORMATION

10.3.1 Release to Third Parties

Except as provided in paragraph 10.3.2, any information provided by one Participant to another Participant will not be released to a third party without the prior written consent of the supplying Participant and will be subject to any privately owned and government owned rights.

10.3.2 US Freedom of Information Act

If a request is received by the US Government, under the Freedom of Information Act or other relevant act, for information which is provided by another Participant under the terms of this Supplement, the US will immediately consult with the other Participants to determine if the requested information is exempt from disclosure pursuant to such laws. To assist in these determinations, Participants will mark all documents exchanged in this program with a legend indicating the Government of origin, that they relate to the project, whether they are furnished in confidence, and the conditions under which the documents may be

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released, if any. If, upon review, the US Government and the other concerned Participant(s) administratively determine that the information is furnished in confidence and if requested by the originating Participant, the US Government will take all legal steps, to the extent consistent with statutes and regulations, to protect the information from disclosure.

10.4 IMPLEMENTATION OF THE EXCHANGE OF INFORMATION

10.4.1 All information on the MLRS Phase 1 and Phase 2 projects may be exchanged directly between the National Project Managers.

10.4.2 Personnel assigned to the PMO under paragraph 6.5.2 may receive directly from other working level personnel within the PMO all information on the MLRS Phase 1 and Phase 2 projects. Information transferred in this manner will be safeguarded in accordance with the provisions of this Article. All data transmitted outside the PMO must be transmitted by the US Program Coordinator.

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ARTICLE XI

PARTICIPATION OF ADDITIONAL GOVERNMENTS

11.1 ADDITIONAL NATO GOVERNMENTS

Should an additional NATO member government desire to participate as an Associate Member in this cooperative program, the then Participants will consult together and may thereafter jointly negotiate with the applicant government reasonable and equitable conditions for such participation. The term "Participant" as used in this Supplement will include any additional government which is admitted to participation subsequent to the signing of the Basic MOU.

11.2 CONDITION FOR PARTICIPATION

A condition for the participation of any additional government as an Associate Member in the program will be its agreement to pay a share of the MLRS program costs. Costs previously borne by each Participant will thereafter be appropriately reduced and corresponding credits will be made to the Participant signatories to this Supplement.

11.3 NON-PARTICIPANTS

Nations not members of NATO will not be accepted for participation in this program.

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ARTICLE XII

TAXES, DUTIES, AND OTHER CHARGES

12.1 DUTY FREE ADMISSION

Each Participant will use its best efforts to admit duty-free into its country systems, assemblies, components, equipment, technical documents, and other information or materials necessary for the accomplishment of this cooperative program.

12.2 LIMITATIONS ON RELIEF FROM TAXES AND DUTIES

To the extent not otherwise available under agreements between the Participants concerned, relief from taxes or similar charges or quantitative restrictions on imports or exports will be granted to the extent permitted by the laws of the respective Participants.

12.3 EXEMPTION OF TAXES, ETC., FROM PRICING

In order that taxes not be charged to the Participants of the program, the Participants concerned will use their best efforts to insure that any and all identifiable taxes, duties (including European Economic Community duties), or similar charges from which relief is available, do not enter into the price of technical information or materials produced in furtherance of the accomplishment of this cooperative program.

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ARTICLE XIII

ACCESS TO ESTABLISHMENTS

13.1 VISITS TO PARTICIPANTS' ESTABLISHMENTS

Each Participant will, within reason and upon request, and consistent with contracts in connection with this cooperative program, permit visits to Participants' establishments, agencies, laboratories, and contractors' industrial facilities in which the work under the cooperative program is being performed, by personnel authorized by one of the other Participants who:

13.1.1 Are either its own employees or employees of its contractors charged with special tasks within the cooperative program, and

13.1.2 Have the appropriate security clearance.

13.2 COORDINATION OF VISITS

Requests for visits permissible under paragraph 13.1 will be coordinated through the Program Management Office. After approval in principle, a formal visit request forwarding the required certificate of security clearances will be transmitted to the host country. Requests will be consolidated to list all national visitors and the MLRS agencies that they will visit in their official duties. For potential recurring visits, the requests will designate a period of six months following the date of the first visit.

13.3 CONDUCT OF VISITING PERSONNEL

Visiting personnel will comply with all security regulations and procedures to be established in accordance with Article X. Any trade secrets, competitive sensitive information, and proprietary technical information disclosed to visitors will be treated as if supplied to the Participant sponsoring the visiting personnel, unless specific waiver or exception is made by the disclosing Participant.

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ARTICLE XIV

DURATION AND TERMINATION—

14.1 DURATION OF SUPPLEMENT

This Supplement will remain in operation for 25 years from the effective date of the Basic MOU, unless mutually extended by the Participants. After expiration of this Supplement, the user rights and obligation to confidentiality and security established in it will remain in effect.

14.2 UNILATERAL TERMINATION

If any Participant considers it necessary to terminate participation in the cooperative development program, it will issue a written proposal for the termination and deliver a copy thereof to each of the other Participants. The termination will become effective 90 days thereafter. The following provisions will apply:

14.2.1 Proposal for Termination

The proposal for termination will be the subject of immediate consultation among or between the Participants to enable them to fully evaluate the consequences of such termination.

14.2.2 Continuation of Development Program

If, after such consultation, the remaining Participants:

14.2.2.1 Decide to continue the development program, the terminating Participant will maintain its development contracts then in force until the effective date of the termination, and

14.2.2.2 Will continue to pay its full share of the incurred development costs to the extent of funds appropriated through the end of the year in which the termination becomes effective, and

14.2.2.3 Will make funds available to the remaining Participants to pay any additional costs that may accrue in respect to any contracts then in force, and to other contracts awarded as a result of the termination. The liability of the terminating Participant under the provisions of 14.2.2.1 and 14.2.2.2 is limited to the extent that funds are appropriated and allotted for use in this program. The terminating Participant will, within four months, submit to the other Participants final reports on the status of work performed in its country through the effective date of the termination.

14.2.3 Limitation of Termination Costs

In no event shall the terminating Participant's liability under paragraph 14.2.2 exceed the amount that was to have been its total financial contribution had it remained a Participant of the program under contracts then in force. The remaining Participants will minimize additional costs.

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14.3 FAILURE TO SIGN PROCUREMENT SUPPLEMENT

Failure by IT to sign a Procurement Supplement or Amendment will constitute notice of withdrawal. Withdrawal of IT by non-signature of a MOU Supplement or Amendment on procurement will not entail any additional obligation considering the clauses 14.2.2.1, 14.2.2.2, and 14.2.2.3 beyond the obligations to development costs incurred as of the date of the decision to withdraw.

14.4 TERMINATION BY FAILURE TO PROCEED

Failure to proceed without notice to terminate will be treated as a unilateral termination with obligation as provided in paragraph 14.2 of this Supplement.

14.5 MULTILATERAL TERMINATION

If all of the Participants agree to terminate the cooperative development program on a multilateral basis, their obligations for the payment of costs will be as provided in paragraph 14.2.2 of this Article. The Participants may enter into additional arrangements, satisfactory to all Participants, covering other terms on which the cooperative development program will be terminated.

14.6 RIGHTS AND LICENSES IN RESPECT OF TECHNICAL INFORMATION AFTER TERMINATION

14.6.1 Technical Information Received from Terminating Participant

The rights and licenses with respect to technical information received from a terminating Participant by the continuing Participants pursuant to the terms of this Supplement from its effective date up to the unilateral termination, shall remain in full force and effect and may be utilized subsequent to the termination by the continuing Participants in accordance with such terms.

14.6.2 Technical Information Received by Terminating Participant

The rights and licenses with respect to technical information received by a terminating Participant from the other Participants pursuant to the terms of this Supplement, from its effective date up to the date of the unilateral termination, shall be extinguished, and all such technical information shall be returned to the originator.

14.6.3 MLRS Technical Data Package

The rights and licenses with respect to MLRS Technical Data Packages, in the event of termination by a Production Participant, will be defined in a Procurement Supplement.

14.7 CONTINUATION OF WORK AFTER TERMINATION

If, in the event of termination of participation in the Development Program, whether unilateral or otherwise, one or more of the Participants wishes to continue the work being performed in a terminating Participant's country, then such terminating Participant will use its good offices, subject

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to its own laws, policies, and defense requirements, to insure that such work is satisfactorily performed. The Participant or Participants continuing the work will, subject to the provisions of 14.2.2, assume full liability for the costs incurred, including the management costs.

14.8 TERMINATION OF DEVELOPMENT EFFORT

If a Participant terminates a development effort which is its responsibility under this Supplement, but wishes to continue within the program, the Participants will establish the terms and conditions for such continuation. Such terms will not be more favorable than the existing terms of the other Participants and, in particular, the costs of the development effort being terminated will not be shared except insofar as the Participants jointly agree that some or all of that effort will be of continuing benefit to the cooperative program.

14.9 SECURITY MEASURES

The arrangement regarding security measures and protection by the Participants of privately owned rights in inventions and technical information, and competitive sensitive information, will continue irrespective of any withdrawal from, or termination of, the cooperative development program.

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ARTICLE XV

REVIEWS AND AMENDMENTS

15.1 REVIEW OF THIS SUPPLEMENT

The provisions of this Supplement may be reviewed at any time. Participants will submit recommendations in regard to change to the JSC through their national representative. If, after its consideration, the JSC unanimously determines that no further action is necessary, it will so notify the requesting Participant. Otherwise, the JSC will instruct the EMC to study recommended change and prepare for approval any necessary amendments covering specific article(s) of this Supplement.

15.2 AMENDMENTS TO THIS SUPPLEMENT

Recommended amendments will be submitted to appropriate national signatory authority for conclusion. An amendment must receive approval of all Participants, and will become effective as of the date of the last Participant's signature.

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ARTICLE XVI

TECHNICAL ASSISTANCE

16.1 TECHNICAL ASSISTANCE

Each Participant will arrange to provide technical assistance to other Participants and their contractors and subcontractors on fair and reasonable terms. Assistance will consist of such efforts as the provision of manufacturing know-how, production process charts, gauge schedules, and gauge drawings necessary to assist the requesting Participant to effectively apply the results of the developmental work under this program in its country for the purposes allowable under this Supplement and later supplements. The intent of the technical assistance is to insure that system components, regardless of national source, will perform as intended by their ultimate users.

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ARTICLE XVII

LIMITATIONS ON SALE OR TRANSFER OF INFORMATION TO NON-PARTICIPANTS

17.1 LIMITATIONS ON SALE OR TRANSFER OF INFORMATION TO NON-PARTICIPANTS

The sale or transfer of technical information, developed or obtained during the course of Phase 1 and 2 projects of this program, by a Participant or any contractor or subcontractor engaged in this program to a Non-Participant or its contractors or subcontractors, requires unanimous consent of all Participants. The conditions under which the sale, transfer, or release of program technical information, as may be unanimously agreed to by the Participants to be in their best interests, will be set forth in separate Supplements. No technical information will be released by a Participant under circumstances in which that information is obtained on more favorable terms than if the requesting nation had been an original Participant in the Basic MOU. *

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ARTICLE XVIII

CLAIMS

18.1 CLAIMS

Claims for compensation arising from any failure on the part of any Participant to observe conditions in which information is made available to them under this project will be handled in accordance with existing agreements among the Participants. Claims based on failure of a contractor to observe the said conditions will, upon the request of a Participant, be the subject of joint action among the Participants, with the objective of insuring in accordance with applicable laws and agreements, proper compensation to the injured owner of the information.

18.2 CLAIMS ARISING FROM TEST ACTIVITIES

Any claims arising from the cooperative test activities will be dealt with in accordance with the provisions of Article VIII of the Agreement regarding the Status of Forces of Parties to the North Atlantic Treaty (SOFA).

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ARTICLE XIX

SIGNATURES AND EFFECTIVE DATE

This Supplement comprises Articles I through XIX and Annexes "A" through "C" thereto.

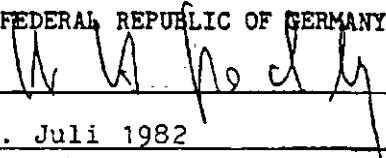
19.1 EFFECTIVE DATE

In consideration of the obligations set forth in this Supplement to be assumed by the United States of America, the United Kingdom of Great Britain and Northern Ireland, the Republic of France, the Federal Republic of Germany, and the Republic of Italy, this Supplement will become effective upon signature of any one text by the representatives of these governments and notification by each party to the others that all procedures for approval thereof in accordance with its legislation have been completed.

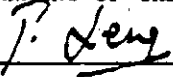
19.2 AUTHORITATIVE TEXTS

This Supplement will be signed in twenty copies; five copies each in English, French, German, and Italian, all four texts to be equally authoritative.

FOR THE FEDERAL REPUBLIC OF GERMANY


Date 26. Juli 1982

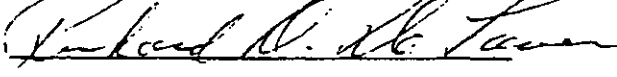
FOR THE GOVERNMENT OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND


Date 23 July 1982

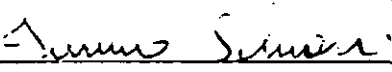
FOR THE GOVERNMENT OF THE REPUBLIC OF FRANCE


Date 28 Juillet 1982

FOR THE GOVERNMENT OF THE UNITED STATES OF AMERICA


Date 19 JUL 1982

FOR THE GOVERNMENT OF THE REPUBLIC OF ITALY


Date 24 - 7 - 82